UNITED
NATIONS

A

General Assembly

PROVISIONAL

A/S-18/PV.3
4 May 1990

ENGLISH

Eighteenth special session

GENERAL ASSEMBLY

PROVISIONAL VERBATIM RECORD OF THE THIRD MEETING

Held at Headquarters, New York,
on Tuesday, 24 April 1990, at 10 a.m.

President: Mr. GARBA (Nigeria)

- General debate [8 and 9] (continued)

Address by Mr. Guillermo Larco Cox, Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru

This record contains the original text of speeches delivered in English and interpretations of speeches in the other languages. The final text will be printed in the Official Records of the General Assembly.

Corrections should be submitted to original speeches only. They should be sent under the signature of a member of the delegation concerned, within one week, to the Chief, Official Records Editing Section, Department of Conference Services, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

90-60015 7268V (E)

The meeting was called to order at 10.10 a.m.

AGENDA ITEMS 8 AND 9 (continued)

GENERAL DEBATE

Ms. HJELM-WALLEN (Sweden): Let me first, on behalf of the Swedish Government, warmly welcome Namibia as a Member of the United Nations. The independence of Namibia and its admission to the United Nations is indeed a historic victory not only for the Namibian people but also for the United Nations, whose efforts highly facilitated the peaceful and democratic transition from colonialism to freedom.

Also in a global context we are now experiencing a more positive climate for broad international solutions in the aftermath of the epoch-making relaxation of tension between the super-Powers, the promising political and economic reform-process in Eastern and Central Europe and the signs of abating regional conflicts.

It is now up to the world community to turn this propitious political climate for international co-operation into similar progress in the economic and social area. In this field results are still modest, and all too often depressing.

In many parts of the developing world the 1980s were a decade characterized by slow or negative growth. In many cases the debt burden constitutes the single most difficult obstacle to economic recovery. Poverty and environmental degradation and unprecedented population growth rates are the sad effects of economic stagnation and imbalances.

In order to create the right conditions for sustainable growth in the developing countries measures have to be taken in both the national and the international contexts. There is no doubt that every nation has to assume responsibility for its own economic and social policies and thus for the well-being of its citizens.

(Ms. Hjelm-Wallen, Sweden)

international contexts. There is no doubt that every nation has to assume responsibility for its own economic and social policies and thus for the well-being of its citizens.

Many developing countries have taken drastic and often painful steps in order to reform their economies in the direction of more open markets and realistic pricing systems. For others this remains to be done.

The industrialized countries must also take necessary and sometimes difficult domestic decisions in order to improve the functioning of the global economy for the benefit of all.

Increased attention will have to be directed to human resources development. Efforts to promote human rights, democracy and popular participation, basic education, employment, health and social services are ends in themselves, but also essential means by which to achieve lasting growth and to eradicate widespread poverty.

Any successful development policy must also acknowledge the role of women in society and in productive work.

Experience shows that a balanced development of any society, both economically and socially, is best achieved if the political climate is characterized by democracy and pluralism.

Economic decline and poverty lie at the core of the environmental problems facing in particular the least developed countries. Poor nations and poor people are forced to overexploit their natural resources in order to meet pressing short-term needs. But this leads to environmental degradation - such as desertification, land degradation and flooding - which threatens the very basis of their future existence.

(Ms. Hjelm-Wallen, Sweden)

It is vital that developing countries be provided with the means to reverse this process. Indeed, it is also vital to the industrialized world that this process be reversed.

Concerns for the environment must permeate all our endeavours and all our policies and activities. At the same time, it must be recognized that without economic growth no sustained development efforts will be possible.

The large transfer of resources away from the developing world continues. The rich part of the world is in fact a net receiver of financial resources. This is an untenable situation.

Many countries have made great efforts to deal with the debt crisis by engaging in comprehensive economic adjustment and recovery programmes. Such programmes are the key element in any recovery. As can be seen from individual country experiences, these programmes are beginning to have a positive effect.

Yet, despite these efforts, most countries can see little or no improvement in their debt situation. The debt burden continues to frustrate efforts towards long-term development.

For severely indebted middle-income countries the strengthened debt strategy launched last year will be of great importance. It is too early to predict how efficient it will be in reducing debt and increasing financial flows, particularly from private creditors. However, the agreements reached so far do give hope.

The measures agreed upon for severely indebted low-income countries represent a breakthrough. It is high time to state clearly that not enough has been done. The performance during the past years of a large number of countries and the experience gained in this co-operation now warrant asking the question how additional debt relief could be provided. I shall put forward some ideas.

READEX FICHE

(Ms. Hjelm-Wallen, Sweden)

It is essential that multilateral creditors, including the International Monetary Fund (IMF) continue to make substantial financial contributions. In particular, it is desirable that all parties do their best to secure a quicker use of the IMF's structural adjustment facilities on concessional terms.

A particular problem for a number of low-income countries is their service of World Bank debt. This is partly relieved by supplemental credits now provided by the International Development Association (IDA) and by additional grants by Norway and Sweden. Efforts should be made to find additional resources for this purpose, among donors as well as in the World Bank.

(Ms. Hjelm-Wallen, Sweden)

A particular problem is presented by those countries with arrears to the IMF and other multilateral creditors. When such countries have engaged in strong economic recovery programmes and seek international co-operation, they must be given support. Resolving the arrears problems is in this context of critical importance. An approach is now being worked out in the IMF called the "rights" approach. I am convinced that similar innovative efforts will have to be made by other international financial institutions. The donor community should also contribute within the framework of support groups for countries in arrears.

As regards bilateral official debt, Sweden welcomes the announcements made by a number of donors last year to cancel substantial amounts of concessional debt. Sweden cancelled its official development assistance loans more than 10 years ago.

A much greater burden is, however, the non-concessional bilateral debt. Such claims accounted for more than half of the total debt service due for low-income Sub-Saharan Africa in 1988. The so-called Toronto terms for the reschedulings of this debt meant a major breakthrough in dealing with that heavy burden. Implementation of the Toronto terms has however been a cumbersome process and immediate relief has been limited. It is of great importance, therefore, that the strategy for dealing with this kind of debt be strengthened. In my view, we should focus on three points:

The first is Greater concessionality. Rescheduling must be realistic. In many of the worst-off countries greater relief will be necessary. The second is that Relief should be additional. The third is Longer-term agreements. It must be recognized that for many countries the ability fully to service their debt is a long way off. It is also time to deal with the stock of debt rather than exclusively debt service falling due.

(Ms. Hjelm-Wallen, Sweden)

Finally, there is not only official debt but also non-guaranteed commercial debt where buy-back operations should be part of the debt strategy. Sweden therefore welcomes the new World Bank facility for this purpose, and hopes that the first operations can soon take place. Also here, additional resources will be needed.

I have now emphasized the need for further debt relief. At the same time, it is clear that increased development assistance is needed as much as ever.

Reactivation of growth in many developing countries requires, besides some domestic efforts, additional new resources on concessional terms.

In the 1990s we must co-operate to provide good quality aid in sufficient quantity to assist the poor countries to recover and achieve long-term development.

Sweden therefore calls on donor countries to increase their official development assistance so as to achieve the target of 0.7 per cent of gross national product.

It is also important that all assessed contributions to the United Nations are paid in full and in accordance with existing treaty obligations.

An encouraging movement towards democracy is taking place in Eastern Europe, and Sweden supports this development in various ways.

Aid to Eastern Europe must not be allowed to affect negatively the quantity or quality of aid to the developing countries.

A lowering of military expenditures would create additional resources available for economic and social aims.

International trade plays a fundamental role in the development process. An open multilateral trading system capable of resisting protectionist pressures is of crucial importance. A viable system must not only be able to uphold respect of existing rules but also be flexible enough to widen its scope to meet new demands arising from structural changes in the trade in goods and services.

(Ms. Hjelm-Wallen, Sweden)

The Uruguay Round of trade negotiations offers an invaluable opportunity to reach these goals. The active participation of developing countries is of essential importance for the positive outcome of the Round.

The growing diversity of developing countries should be taken into account, but we feel that there are considerable advantages for all of them in a fuller integration into the international trading system.

The least developed countries will merit special attention also in the years to come, both within the General Agreement on Tariffs and Trade (GATT) and in connection with the generalized system of references.

Export of commodities is still extremely important for many low-income countries. There is therefore a continuous need to stabilize and increase those earnings while also promoting diversification.

The United Nations must play an enhanced role in stimulating an activated international co-operation. I am convinced that the need for the United Nations will increase during the 1990s. However, it is also obvious that inefficiency, duplication of work and a lacking sense of priorities often can be found in United Nations economic and social activities. For this we, the member countries, carry much of the blame.

In view of the serious situation in developing countries and the many urgent tasks that have to be addressed, this imperfect performance of our Organization should be remedied before long.

The comparative advantages of the United Nations have to be thoroughly explored with a view to increasing effectiveness.

Let us deal with the challenges of global equity and balance in a practical and tangible way during the last decade of this century. Let us, then, on this venture fully utilize the United Nations and its unique potential.

ADDRESS BY MR. GUILLERMO LARCO COX, CHAIRMAN OF THE COUNCIL OF MINISTERS AND MINISTER FOR FOREIGN AFFAIRS OF THE REPUBLIC OF PERU

The PRESIDENT: The Assembly will now hear an address by the Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru.

Mr. Guillermo Larco Cox, Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru, was escorted to the rostrum.

The PRESIDENT: I have great pleasure in welcoming the Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru, Mr. Guillermo Larco Cox, and inviting him to address the General Assembly.

Mr. LARCO COX (Peru) (interpretation from Spanish): Yesterday we witnessed the admission of the Republic of Namibia to the community of nations gathered here. That was possible thanks to the struggle of that people to realize their aspirations to justice and freedom and to the patient and effective work of the Secretary-General. The people and the Government of Peru hail this historic event, confirming the strength of the Organization in pursuing the goals of peace, security, development and justice in the world.

(Mr. Larco Cox, Peru)

Let me also congratulate you, Sir, on your election to the presidency of the General Assembly at this special session. Your wide experience and dedication give us reason to look forward to a successful outcome of our deliberations. I also wish to congratulate the other officers of the Assembly and the members of the Preparatory Committee, which has in recent months made every effort to work out a consensus on the question of international economic co-operation for development, a matter of great significance to the needs of the majority of mankind.

Today more than ever, it is of crucial importance that we meet here to examine, in the necessary critical spirit, international economic co-operation and the reactivation of development in countries where the situation is most urgent. In so doing, we are responding to the situation that has arisen from a recognition of an international reality characterized by broad structural changes, in which multipolarity has not yet become permanently entrenched, in which profound technological changes are emerging as factors that can alter the international system and in which areas of production and commerce are being redefined.

It is in that context, without losing sight of the final goal of a just and equitable international order, as already defined by the international community, that a consensus for development must be rebuilt and the ways and means of ensuring a balanced international economy, both at its foundations and with regard to the distribution of wealth, can be reformulated.

A retrospective assessment of the situation that has prevailed during the 1980s should prompt deep anxiety and concern in the international community. For the vast majority of our countries, that decade has meant marginalization in relation to international economic processes, which in turn led to a dramatic deterioration of our economies and a worsening of the social conditions of our peoples.

(Mr. Larco Cox, Peru)

We cannot ignore the fact that, in addition to world-wide changes in patterns of production and consumption, the vast majority of developing countries continue to be hurt by a massive net transfer of resources towards the North, an overwhelming debt problem, the re-emergence and intensification of protectionist practices and other trade restrictions, a deterioration in the terms of trade and a permanent technological backwardness. As a result, in the social sphere we have witnessed unprecedented levels of extreme poverty, and indicators of infant mortality, nutrition, health and unemployment have deteriorated to the levels of more than 20 years ago.

In short, this has been a wasted decade for development. The efforts of our Governments to achieve development have been fruitless, and - without denying the merits of initiatives taken in specific situations - the actions of the international community have had neither the scope nor the nature the problem requires. The international economic institutions that emerged in the post-war era have proved unable to foresee or to correct today's structural imbalances and the profound world crisis.

In the particular case of Latin America, the situation is even more complex, because there we are faced with additional factors. Export prices on commodities that are of basic importance to the region are depressed. The overwhelming debt burden has, in real terms, meant a setback to development. Interest rates continue to remain at high levels, and the escalation of unfair trade practices has displaced us in the traditional markets. The growth rates of international trade have been insufficient and have had a critical impact throughout the region, setting up an unabating trend towards a net transfer of resources from Latin America and the Caribbean to the industrialized nations.

(Mr. Larco Cox, Peru)

Nevertheless, in recent years the region has committed itself to a reaffirmation of democracy as the most advanced form of social organization and to respect for civil liberties, notwithstanding the threat posed by the deterioration of the living standards of the majority of the population. At the same time, the industrialized nations, seemingly oblivious to that critical situation, are putting forward proposals freighted with strong ideological pressures in favour of particular economic and societal models, thereby undermining the autonomy of our States and denying the diversity of the institutional development of our societies.

When the developing countries made the problem of development one of the main concerns of the United Nations, they focussed their actions on the elaboration of comprehensive programmes aimed at restructuring and democratizing the international economy. The Declaration and Programme of Action for the Establishment of a New International Economic Order and the adoption of the Charter of Economic Rights and Duties of States, supported by the elaboration of successive international strategies for development, are the clearest and most evident expressions of the effort to transform international economic relations. Today, those proposals, which remain conceptually and politically valid, have a renewed importance, in spite of the fact that increasing numbers of developed countries are resorting to bilateralism in their external economic relations and are thereby weakening international co-operation for development and accentuating the imbalances that exist between developed and developing countries in sharing the burden of adjustment. In any event, what needs redefining are the present procedures, negotiating schemes and terms.

Along with a recognition of the linkage between the success of development efforts and the need for a favourable international environment, we must also

(Mr. Larco Cox, Peru)

recognize, with the same sense of urgency, the need to redefine our development models and to adjust them to new international circumstances, thereby favouring the reconversion of our productive structures. Only in that way will we be able to ensure the stable and permanent development process that, together with social justice, is the foremost requirement of any democracy and, at the same time, its prime guarantee, and thereby to ensure the freedom our peoples deserve.

However, the question is not merely one of accepting, on the basis of these postulates, a set of concepts that define development as a partial process obedient solely to market forces. Almost without exception the actual conditions in our countries demand that we should harmonize the necessary balance between market forces with the role to be played by Governments, placing all this in the context of popular sovereignty, which is the sole expression of the essence of democracy.

Therefore, while we can point to some successful experiments in accelerated growth in special circumstances in a very small number of developing countries, particularly in Asia, we must also take into account the fact that these were controlled by factors which were not strictly economic but, at times, depended on strategic considerations growing out of an imposed selectivity of roles.

Thus it is imperative that on the basis of those concepts, developed and developing countries alike should assume their responsibilities. We agree that the formidable and complex task of reactivating growth and seeking development falls to us. At the same time, however, we are mindful of the fact that the development process will not be successful unless we can rely at least on a firm political commitment by the industrialized countries, expressed in concrete actions, to contribute to the improvement of today's international environment.

(Mr. Larco Cox, Peru)

Consequently, we have the historic opportunity at this special session of demonstrating a renewed spirit of solidarity and avoiding confrontations that might arise - perhaps in good faith, but none the less marked by a lack of understanding of poverty and its consequences. The success of this undertaking will depend on the necessary political will of each of the parties, and especially on the undertaking of the necessary commitments.

Today we are witnessing a far-reaching restructuring of the international system. At the political and strategic levels a new era of détente between the super-Powers began five years ago. The spectre of nuclear war is beginning to fade away. Regional conflicts have begun to recede significantly. World peace has never been so close to becoming a reality.

Simultaneously, we are seeing rapid changes in the international economic scene, with the rise of a world financial Power in Asia, the consolidation of European integration, the establishment of new markets in this hemisphere and the integration of Eastern Europe into the world economy. These radical changes are arising as pre-conditions to the international action of the developing countries, owing to their increasing marginalization vis-à-vis the industrialized world. The role and influence of this trend will depend upon the specific characteristics of each region and country.

In Peru's case, the role that will be played by our country in the decade now getting under way will, in our judgement, be closely linked to the formulation of a multilateral policy - regionally, hemispherically and globally - to the broadening of the areas of concurrence and of solidarity with Latin American countries and developing countries outside the region, and to the fostering of progress and the consolidation of integration processes as well as the mobilization of capacities for promoting co-operation.

(Mr. Larco Cox, Peru)

Crisis is by definition both risk and opportunity. In the delicate situation we are facing today, the challenges of the 1990s should represent another opportunity to return to the path of economic growth and development. The sacrifices and demands will not be few. The great challenge will certainly be to incorporate our economy into the intensifying world technological changes and to provide our society with the levels of well being and progress they justly deserve.

The unquestionable interdependence of the world economic system demands from us, in the context of the quest for competitiveness, the modernization of the productive structure, the consolidation of the governmental institutions and the strengthening of our social organizations. Only in those conditions and in the framework of an appropriate international context can stabilization and adjustment policies protect the most depressed social sectors, shielded with specific programmes to prevent such vulnerability and to obtain, over the medium term, positive macro-economic results.

We are at a crossroads. Almost 10 years have passed since, in this very Hall, negotiations for an agreement on measures that the industrialized world should have adopted to improve the situation of the developing countries failed. We do not want to see that situation repeated. If we wait for the next millennium, it may be too late for many of our countries. The responsibility will be that of the international community as a whole for not having acted and risen to the historic challenge posed to us by the present circumstances.

The PRESIDENT: On behalf of the General Assembly, I wish to thank the Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru for the very important statement he has just made.

Mr. Guillermo Larco Cox, Chairman of the Council of Ministers and Minister for Foreign Affairs of the Republic of Peru, was escorted from the rostrum.

AGENDA ITEMS 8 AND 9 (continued)

GENERAL DEBATE

Mr. OBMINSKY (Union of Soviet Socialist Republics) (interpretation from Russian): First, I warmly congratulate Namibia as the one hundred and sixtieth Member of the United Nations. This event gives us hope that, with the help of the United Nations, other world problems can be effectively solved.

This special session is being held at a time when world development is at a turning point. It is as if mankind, having regained consciousness at the very brink of the abyss, were trying to free itself from the chains of confrontation and were becoming aware of the integrity of today's world, which needs a new philosophy and a new policy. The cold war has been arrested. The threat of nuclear holocaust has receded. First steps have been taken towards real disarmament and the settlement of regional conflicts. Dialogue is emerging as both the form and the norm of inter-State relations.

Throughout the world discussions have started regarding the possibilities of switching from a military-oriented economy to a peacetime economy, with the ensuing peace dividends. It is often said these days that there is no peace dividend, that it has been swallowed up by the domestic needs of the USSR and the United States. Yet this seems to be a simplistic approach to the assessment of the disarmament process.

Of course, destruction of the weapons reduced and conversion of military industries to civilian production entail large expenses at the initial stage.

(Mr. Obminsky, USSR)

However, one cannot fail to see the immense significance of such steps for revitalizing national economies and the entire world economy as well. Reductions in military expenditures will secure long-term peace dividends through lowering budget deficits, curbing inflation and interest rates, and thus ensuring higher growth throughout the world.

The advancement of the new political thinking in world affairs has already allowed the Soviet Union to cut its defence budget by 14 per cent this year. The United States also has real possibilities of reducing its military spending. And the potential of peace dividends is not limited to Soviet-United States relations. The world community is looking forward to the reaching of agreements at the talks on the reduction of armed forces and armaments in Europe.

The process of international détente and the settlement of regional conflicts also makes it possible to reduce military expenditures in the developing countries, where the overall strength of the armies is approaching 20 million. It is estimated that the purchase of weapons accounts for nearly 25 per cent of the overall foreign debt of the middle-income developing countries.

The Soviet Union stands firmly for ensuring that both political and economic détente between East and West is developed within the mainstream of efforts to form an integrated structure for the entire world community, in which the interests of developing countries will be fully respected. These countries are also entitled to their share of the peace dividends which will be generated by the intensification and widening of the disarmament process, as well as by the development of international economic relations.

Largely because of the end of the East-West confrontation, common approaches to the problem of external debt are taking shape in the international economic

(Mr. Obminsky, USSR)

dialogue. This has been reflected in several resolutions of the General Assembly. In fact, it has been recognized that the current debt can neither be paid back nor recovered on the initial terms. Parts of it are now being written off, while payment on other parts is being postponed.

From 1986 to 1989 the Soviet Union took concrete steps to alleviate the debt burden of developing countries, to a total amount of 14 billion roubles. Additional measures ae being considered to reduce the debt of the least developed countries, mostly in Africa, which are recipients of Soviet credits.

(Mr. Obminsky, USSR)

Despite the considerable difficulties of the transition period faced by the Soviet economy, we continue to provide aid to the third world. The USSR Supreme Soviet allocated 9.7 billion rubles towards such aid for 1990. That aid constitutes an important element of our foreign policy, based on the principles of the priority of universal human values and the freedom of choice.

The Soviet Union's interest in developing countries arises from its unswerving solidarity with those who struggle for equality, social progress, democracy and decent human life. That was expressly stated by President Gorbachev at the third special Congress of the Soviet People's Deputies. The USSR stands for the internationalization of approaches to development problems, including matters of aid and debt. We hope that an agreement on that issue will be facilitated by the activities of the Secretary-General's Special Representative on debt, Mr. Craxi.

Mechanisms for the multilateral co-ordination of aid and debt settlement operating both within and outside the United Nations system have an important role to play in that process. We are prepared to participate in those mechanisms. The recommendations worked out within their framework should correspond to the long-term national priorities of recipient countries and should take into account the need to improve the situation of their populations.

The debt problem, as well as the problems of slumping commodity prices, interest rates and currency fluctuations, and the growing trade protectionism remain to a large extent beyond the control of developing countries, although it is in the third world that they are felt most painfully.

Today's realities are such that we cannot hope to solve any of those problems separately from the others. The information and technological revolution, while opening unique prospects for the development of civilization, at the same time widens the gap between the advanced economies and a large group of nations with

(Mr. Obminsky, USSR)

traditional industrial and even pre-industrial modes of production. Many of these, and particularly the least developed countries, are in a deep economic crisis that they are barely able to cope with alone. We should not allow them to be pushed out of the world economy.

That situation is further aggravated by the demographic aspect. It is estimated that the developing regions, where more than 1 billion people are already living in poverty, will experience more than 90 per cent of our planet's expected population growth by the end of the century. In order to meet the demographic challenge, we need to solve an intricate web of ethnic, economic, cultural, religious and other problems, which is hardly possible without mobilizing the entire potential of the United Nations system.

The revolution in information and technology creates a qualitatively new basis for co-operation in the field of environmental protection. There is a need to bring together the world's best scientists to develop the best technological solutions to save us from ecological disaster. That would lead to the establishment of a special régime of technological exchange that would take into account both the common interests and the specific needs of each State in accordance with its ecological situation.

Our joint responsibility is to ensure effective preparation for the 1992 United Nations Conference on Environment and Development, which should adopt a common strategy to combat ecological threats by bringing together potentials, opportunities, resources and ideas.

The changes brought about by the revolution in information and technology cause international markets to acquire internal dynamics of their own. In this regard, all countries share the challenge to find ways of adapting to new situations, of preventing and overcoming crises. In this context, it will be crucial to ensure a complementarity of the opportunities of State and market.

(Mr. Obminsky, USSR)

At the present time, there is a growing awareness that many objectives pursued by the State in a national economy can be achieved more efficiently, not through rigid centralization but by encouraging the management of market mechanisms by economic methods, while ensuring adequate social guarantees for the population and the equality of all forms of property.

At the international level, it is becoming increasingly important to undertake joint, action-oriented efforts by Governments to limit the volatility of financial flows and irrational fluctuations of exchange rates and commodity and energy prices. There is a growing tendency to co-ordinate macroeconomic State policies.

The activities of the regional and multilateral economic and financial organizations appear to be evolving ever more in that direction. That will open the way to the establishment of a broader basis for co-ordination and the involvement of all groups of countries in the process. That is impossible to achieve without reassessing the concept of economic sovereignty. There is no doubt - and this is accepted by everyone - that each country bears the main responsibility for its own development. In the past, that notion was predominantly interpreted as a right to conduct national economic activities on a strictly autonomous basis. Under present conditions, however, every State should take into account the international consequences of its economic policy, and is responsible for that policy before both its people and the international community.

Naturally, those countries that play a leading role in the international economy have a special responsibility for creating an environment favourable to the development of all its components. At the same time, other countries should make proportionate contributions to that process, primarily by ensuring the efficieny of their national economies.

(Mr. Obminsky, USSR)

Our co-operation with foreign countries shows that much remains to be done as regards a more rational use of internal resources and external credits, the promotion of effective methods of economic activity, and the diversification of production through an optimal correlation between public, co-operative, private and other sectors. In this regard, the expertise of the competent international organizations and the exchange of national experiences of various countries can be of great help.

New Soviet laws on property, land and lease relations are laying the foundation for a new economic system in our country and are stimulating citizens' free-production activities and all types of enterprises. A new package of laws is being devised to accelerate reforms and the transition to a regulated market economy.

We are confident that the active involvement of the USSR and other Eastern European countries in the world economy will contribute to a balanced and sustained development of the latter for the benefit of all members of the international community. A special role in this process should be played by the implementation of the final document adopted at the Bonn economic forum. The economic revitalization of Eastern Europe and progress towards the establishment of an all-European economic area integrated into the world economy meet the interests of all countries, including, of course, developing nations. It is noteworthy that several of those nations are among the 42 founding members of the European bank for reconstruction and development that is being established.

Within the framework of that process, Eastern Europe will strengthen its potential as a dynamic trade partner, a promising market, and a source of financial resources and technologies. Certainly, to use those opportunities, all parties concerned should work vigorously to develop modern forms of co-operation.

(Mr. Obminsky, USSR)

We share in the broad endeavour to ensure that the special session will help in reaching an economic consensus reflecting the global balance of interests that is based on realistic assessments of the objective processes of world economic development.

In formulating such consensus, the following elements could be considered. First, the interdependent nature of the process of adapting national economies to the world economy must be recognized. That would mean that the results of such an adaptation are assessed not only from national positions but also from the point of view of their consequences for other countries. Agreement on the matter will no doubt require taking into account the special needs of those developing countries that are unable to solve the problem of adaptation without external support.

Secondly, national and international factors in State economic policy must be harmonized as the basis for a stable and predictable participation of each country in international economic life. We view the process of such harmonization as a further development of democracy and economic pluralism.

(Mr. Obminsky, USSR)

Thirdly, economic openness of every country is a condition for integration into the world economy. Such economic openness should be understood in the broadest sense, ranging from the availability of statistics to access to markets and technologies, and from the movement of capital, goods, services and manpower to programmes for conversion of military industries to civilian needs.

Fourthly, development should take account of the United Nations system of generally acceptable and universally applicable international standards, rules and norms in specific areas of social and economic life.

Fifthly, the role of the United Nations system in shaping integral structures of universal economic interaction should be enhanced. Activities aimed at introducing the above-mentioned standards and rules in the practice of intergovernmental contacts would certainly contribute to this process.

Besides, the United Nations as the universal Organization provides the most appropriate forum for exploring ways of harmonization of integration processes in various regions of the world.

The report of the Preparatory Committee for the Eighteenth Special Session and the continuing negotiations show that in our work we have a solid basis which is made up of constructive proposals of the Group of 77, Canada, and European and many other countries. We should also stress the contribution of the Non-Aligned Movement, which is convening its ministerial meeting during the special session.

All this gives us hope that by the end of the week we shall be able to agree on a consensus document reflecting not just a sum of different interests but also our common determination to contribute with concrete deeds to the strengthening of the economic foundations of a safe and civilized world order and to a more effective use of the United Nations mechanisms for promoting multilateral economic co-operation.

Mr. De MICHELIS (Italy): Our meeting in New York is crucial for the future of a planet that has been trying for 2,000 years to develop a strategy to make itself habitable for all. There are many factors that lend special significance to this session.

First of all, we are called upon to review a general development strategy at the conclusion of a decade that has witnessed the failure of many worthy aspirations and intentions and has been unable to rescue the four fifths of mankind still trapped in substandard and, more often than not, intolerable living conditions. We will have to take stock of the progress made thus far and find ways and means of confronting the new challenges.

Secondly, extraordinary changes on the European continent are continuing to unfold before our very eyes. For the first time, Europe is beginning to recover the unity shattered by the October Revolution, which led to a rift that was widened by the creation of conflicting political and economic systems after the Second World War. Today, even in what was only recently a separate Eastern Europe, we are seeing a return to a market economy and democracy and the re-emergence of an economic area based on responsibility, private initiative, a spirit of adventure and social solidarity.

However, now that what has often been termed the "third world war" has come to an end on the old continent, we would not wish to see a new conflict arising with the less developed countries. We must dispel their fears that the last decade of the century could be even worse for them than was the previous one. Indeed, it must be better. It would be illusory to believe that the problem of development can be solved without the joint assistance of the richer countries. The Western democracies will also have to take upon themselves, on a global scale, those problems that communism has been unable to solve at the national or international

(Mr. De Michelis, Italy)

level. We, too, feel responsible, together with the countries directly concerned, for the need for justice accompanying that missed challenge.

Besides, the needs of Eastern Europe, which require us to contribute to its reconstruction, are more familiar to our history and our traditions than the problems of the South, for which our concern is often motivated more by a bad conscience than by a well-conceived self-interest. So we must reassure, by deeds and not by words, those who fear that, once its basic conflicts have been resolved, Europe will look to its own concerns and ignore those of others.

The third consideration is the emergence of democracy as the dominant theme of our times. Democracy is not a genetic trait peculiar to Europe but is an essential prerequisite for economic and social well-being the world over. Developments in Eastern Europe show that democracy is the greatest innovation of all, the antidote to all dogmatism. From now on we shall be more wary of the illusions inherent in every ideology. Economically, we know that any alternative Utopia, any totalitarian organization which, like the model that has failed so miserably, calls for rigid planning of supply and determination of demand can only lead to a dead end.

These considerations should be the starting-point for any strategy based on the lessons learned from the 1980s, and particularly the negative ones, and designed to reduce, if not remedy, destabilizing imbalances. I shall confine myself to outlining three possible courses of action.

First of all, regional co-operation will have to be intensified and expanded. This formula has now been tried and tested, not only in Europe but in most parts of the world, from the Mediterranean to Latin America and South-East Asia. Regional co-operation meets immediate needs, suits the characteristics and affinities of countries with close contacts, and prevents possible crises of religious and ethnic origin. In previous years much has been said - perhaps too much - about a new

(Mr. De Michelis, Italy)

world economic order. A goal of such magnitude cannot be pursued all at once. It should be approached step by step and piece by piece, with the necessary concentration of effort, resources and decision-making, starting at the lower level.

Secondly, we must confront the challenges capable of uniting the efforts of many, so that common interest becomes the major factor in integration. The mainspring of the Western economy has always been a clear perception of individual and collective interests. Here, too, it is advisable to enlist the interest of the more prosperous countries to ensure that their policies towards the southern hemisphere are suitable and supported by an adequate consensus.

In 30 years the world population doubled, and it will reach 8 billion by the year 2000. We are already witnessing a mass migration from the poor to the rich countries, from the South to the North. Unless controlled, this phenomenon could, as we already perceive, result in a violent clash between different cultures and societies. Even in the past, a continent's fertility or aridity caused large-scale migrations. Today, people are still migrating on a large scale but in smaller groups that may go almost unnoticed. Left unchecked and without adequate political and economic measures to bind people to their place of origin, this new, constantly progressing tide of emigration is in danger of creating new types of exploitation and a class of individuals with no say and no rights, even in the more highly developed societies.

Drugs are another major threat of our times. They are not only evil in themselves but are a manifestation of other evils. They are partly engendered by the intolerable poverty prevailing in many parts of the world; they are also the product of imbalances between rich and poor countries, and carry within them the seeds of revolt and violence. In such conditions, whole continents are given up to the cultivation of these deadly crops, which can be transplanted from place to place and thrive wherever a worn-out economy is ready to accommodate them.

(Mr. De Michelis, Italy)

We must take steps to check the suicidal drift of our planet. Here again the rich countries cannot presume to impose their rules on others, in particular if they are incapable of preserving their own green belts while calling on others to save the Amazon. But our concern for ecology should not lead us to sacrifice the advances of technology in a sudden frenzy of last-minute utopianism during these pragmatically inclined final decades of the century. This concern arises from the perception of a threat emanating from the very heart of industrial society and engendering a widespread fear that the very forces that sustain life can also bring about our death. The rivalry between capitalism and communism, between the market economy and the planned economy, has only just ended and is now being replaced by a new rivalry that will predominate in the decades to come: that between the industrialized society and the environment.

The third feature of this new strategy derives from the realization that we are moving towards a world economy now that our societies have become so interdependent, linked as they are by commercial, economic and financial ties and brought closer by the rapid flow of information which makes distance negligible. Because of this interdependence there is more give-and-take at the bargaining table, and advantages and disadvantages can be more easily traded off. All this provides greater scope for political action, enhances its capacity to arrange or rearrange priorities and makes it easier to resolve any possible contradictions between such factors as emigration and development, or between indebtedness and environment.

As I see it, there are three major imbalances overshadowing the new decade which will somehow have to be kept under control.

First of all there is the demographic imbalance. The demographic time bomb is threatening to explode in a world already devastated by overpopulation. Demographic growth rates in some countries remain extremely high, so much so that

(Mr. De Michelis, Italy)

it is difficult to improve living standards even where economic growth is satisfactory. The consequences are all too apparent: malnutrition and unemployment are reducing productivity; population pressures are leading to excessive soil use and the degradation of the agricultural and environmental heritage, while the increasing exodus from rural areas is aggravating the problem of urban sprawl. The number of countries with effective demographic policies is still too small. Appropriate initiatives to control these phenomena could help to contain the spread of poverty and facilitate efforts to revitalize the economy.

The second imbalance to overcome is the environmental one. Here, in particular, a broad international consensus is needed on the basic principles to follow if we are to arrive at a true international environmental law through the type of process already successfully employed in other areas such as the law of the sea and space law. We therefore quite recently sponsored a symposium at Sienna, attended by experts from all over the world. Their conclusions will be useful for the momentous conference to be held in Brazil in the summer of 1992.

Lastly there is the problem of debt. We have already participated in and helped to promote the recent changes in the strategy for dealing with this problem, progressing from refinancing to debt reduction. The Brady Plan was a milestone, but insufficient in itself. We need a greater and more finely tuned effort. Greater diversity will be required if the new strategy is to take account of the many differences between individual groups of debtor countries. We must carry the method recommended at the Toronto Summit to its logical conclusion and extend it to other geographical areas, as has already been done in the case of Bolivia. We are thinking, in particular, of countries in the intermediate range which, because of their income, cannot benefit from existing debt-reduction formulas. Ad hoc solutions should also be worked out for these countries.

(Mr. De Michelis, Italy)

The creditor countries will have to offer broader fiscal incentives so that private banks can help, through debt-relief operations, to reduce the debt burden. There will also have to be direct mechanisms, such as those linking debt with the environment and debt with social investments. It will also be advisable to strengthen the support capacity of international financial institutions and to increase the resources of the International Monetary Fund (IMF), either by raising quotas or by approving other financing mechanisms.

The entire question will need to be reviewed in the light of the report submited to the Secretary-General by Mr. Bettino Craxi, in compliance with the mandate personally assigned to him. We welcome the choice of Mr. Craxi, which is also a tribute to our country's contribution to the solution of this problem, as a necessary step towards providing an acceptable framework for co-operation between the two hemispheres. Among other measures, Italy is getting ready to write off the debts contracted by the poorest countries.

The debt question is closely linked to the question of international trade. The General Agreement on Tariffs and Trade (GATT) has the task of codifying the rules that will govern our relations in the years to come. Negotiations will have to be completed in 1990 to ensure that the philosophy of multilateralism prevails over the policy of protectionism, not only in the case of individual countries but also of individual areas. Here too the only alternative is a general progressive integration. GATT will require institutional strengthening, through changes in the machinery for the settlement of disputes and the acquisition of a political dimension. The ultimate goal is institutional co-operation between GATT, the IMF and the World Bank with a view to promoting greater concordance of macroeconomic policies with trade and development policies. We must avoid rigid application of the technical and legal rules of GATT and ensure that they are subjected to political evaluations in the framework of a proper international organization. We

(Mr. De Michelis, Italy)

also recommend that due account be taken of the needs of the emerging countries, applying concessions on tropical products and a gradual and flexibile tariff policy.

The problem of resources is central to development. But one of the lessons learned from the 1970s is that for purposes of development the rational use of resources is no less important than their volume. Ideally, resources should be utilized in such a way as to create the necessary conditions to start up the process of autonomy, launch a vital market economy and attract a suitable volume of direct investments. It will be up to the poorest countries to create conditions to encourage productive investments by setting up an adequate political and juridical framework.

But all this increases, rather than diminishes, the need for official intervention because it would be unthinkable to rely exclusively on spontaneous economic forces to even out the appalling pre-existing inequalities. A net transfer of resources is needed now more than ever before. The most important idea derived from the experience of the 1970s is the as yet unattained goal of making a contribution to development equal to 0.7 per cent of the gross domestic product. The resources would have to be used for specific projects, but adequate means of distribution are equally indispensable; and to this end use could be made of a regional bank, such as the European Bank for Reconstruction and Development, recently approved for the Eastern European countries. We for our part believe that a similar mechanism could also be considered for the Mediterranean area.

And now I come to the role of Europe. The 12 countries of the European Community have responded to the quickening place of development by tightening their schedule for political integration. They have set 1992 as the time-limit not only for the creation of a single market but also as the date for initiating the irreversible process towards political union by instituting a monetary economic

(Mr. De Michelis, Italy)

union and radical institutional reforms. The Twelve are also preparing to negotiate new forms of association with the countries newly emerging from dictatorship so as to build an economy of continental dimensions based on free initiative and market forces.

(Mr. De Michelis, Italy)

Europe is thus recovering its central position, which derives not only from the wealth it produces but also from its advanced degree of integration, which makes it a model for the future. It is not just a matter of opening up Europe to the outside world, according to the grand design envisioned by the Community's founding fathers. With the current overall trend towards globalization, there will eventually be no outside world, and territories and cultures will exist only as a dimension of a single universal system. Europe, and particularly the countries of the Community, will have to translate this new-found centrality into a greater commitment to the many areas of poverty beyond its borders.

Because of this expanded market, the European Community will shortly have the means and capacity to respond adequately to the challenge of economic growth. It will have to use some of its new resources to contribute to the changes in the East, as well as to the solution of problems on the southern shores of the Mediterranean and in other developing countries.

We are therefore planning to propose that, for 1993, the Twelve should aim at mobilizing 1 per cent of their gross national product for the benefit of the countries of Eastern Europe and the Mediterranean and the other developing countries, apportioned as follows: 25 per cent for Eastern Europe, 25 per cent for the Mediterranean and 50 per cent for all the others. According to fairly reliable forecasts, by 1993 the gross domestic product of the 12 countries could amount to $6,000 billion. Therefore 1 per cent would represent an annual transfer of $60 billion, which would include both multilateral and bilateral assistance. This is the only way of demonstrating, by deeds and not words, that we are aware of the great risks confronting us in this last decade of the century and of the disastrous consequences of any other policy designed to muddle through on the same lines as before.

(Mr. De Michelis, Italy)

The transfer of 1 per cent of the national product of the Twelve should initially be effected from direct and indirect public funds, whether in the form of allocations for development assistance, contributions to multilateral agencies or other mechanisms to guarantee loans and private investments. These resources should mainly be funnelled through existing or newly created multilateral channels, such as the European Bank for Reconstruction and Development, or channels such as the one under consideration for the Mediterranean. A multilateral instrument will be in a better position to ensure that financing is compatible with the growth strategy, financial plans and the absorptive and repayment capacity of each country. Such a measure will also make it possible to avoid the waste and inefficiency inherent in past methods, which served only to aggravate the debt crisis. It will permit a distribution of resources not subject to commercial conditions.

Success will depend primarily on the initiative of the countries receiving ouside support. It will take both imagination and realism to accomplish the task. They will have to create the political, legal and economic structures necessary to translate international co-operation into real development geared to human needs. The first of these requirements, as I have already mentioned, is democracy and respect for fundamental human rights. Democracy may sometimes seem to be the result of modernity and not the means of achieving it. But attempts to change economic and social structures by dismantling democratic institutions have served only to reinforce injustice, oppression and inequality. The new balances we are seeking - such as the balance between man and the environment - cannot be imposed from above. They require participation, consensus and the involvement of the public.

(Mr. De Michelis, Italy)

The other imperative is to avert regional conflicts, which are often fostered by hegemonic ambitions and which encourage a steady flow of armaments to countries that should have very different priorities. In the past, the rivalry between the major Powers fuelled prolonged painful and useless conflicts. But the world has also changed in this respect. It is no longer the world in which any adversary of the United States could expect to find the Soviet Union automatically on its side and vice versa. The Assembly must therefore issue an appeal for a drastic cut in defence budgets, such as those sought, apparently with success, by the countries engaged in the military negotiations in Vienna.

This new decade will also be one of those periods in history in which those who guide the destinies of humanity, through democratic choices, have a greater responsibility to bear. Our actions today, even in the limited field of the environment, will also affect generations yet unborn.

As in every transition period, change entails the risk of a universal trauma, of a widening rift between the two hemispheres that would be far more devastating than any previous ones. The trauma of an ecological disaster that would make living conditions intolerable for most of mankind could prove to be far more real and catastrophic than the threat of nuclear war that has overshadowed us for 40 years. There are many countries that cannot be left to enter the twenty-first century unaided, without the risk of an instability that would ultimately annihilate us all.

This means that strong leadership will be needed in the future, particularly at the supranational level, and that accordingly the United Nations will have an essential role to play. I believe that our meetings will result in a stronger will to guide the future together, and I should like to conclude my statement on this hopeful note.

Mr. ZHENG Tuobin (China) (interpretation from Chinese): The special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries, the first of its kind in a full decade, has finally been convened, thanks to the initiative of the Group of 77 and the joint efforts of all parties. It is particularly significant that our session takes place at a time when the international situation is undergoing profound changes as we enter the last decade of the twentieth century. We are convinced, Mr. President, that under your able guidance, and with the sincere efforts of all participants, our session will come to a successful conclusion and will make a worthy contribution to international economic co-operation in the coming decade.

I should like to take this opportunity to extend our warm congratulations and welcome to the new member of the Organization, the Republic of Nambia, and to welcome its participation in the special session. We believe that the Namibian people, who have recently won independence through protracted and courageous struggles, have an important role to play in international affairs.

The international community is confronted with a full range of major issues in the decade of the 1990s. The development of the third-world countries is precisely a major issue of fundamental importance.

In the last decade the world economy has been characterized by serious global imbalances. The gap between the North and the South continues to widen. To correct these imbalances, thus narrowing the gap between the North and the South, and to help revitalize economic growth and development of the developing countries should long have been top-priority issues to be addressed by the international community. Regrettably, however, over the last decade North-South dialogue

(Mr. Zheng Tuobin, China)

stalled, and developing countries were further marginalized in the international economic decision-making process.

Protectionist tendencies in the developed countries against the products of developing countries have further intensified. The multilateral trade negotiations of the Uruguay Round are progressing unevenly, with the issues of interest to developing countries moving at a slow pace. Developed countries are increasingly resorting to regional trade blocs and bilateral arrangements. Primary commodity prices were on the decline for most of the time during the last 10 years and the terms of trade of the developing countries kept deteriorating. The developing countries continue to suffer from the crippling debt burden and the scarcity of development funds. And for the first time since the end of the Second World War there occurred a negative net transfer of financial resources from the developing to the developed countries.

(Mr. Zheng Tuobin, China)

The transfer of technology to developing countries runs up against all kinds of obstacles. Per capita income in many developing countries keeps falling. Years of poverty have trapped them in a vicious circle of underdevelopment and environmental degradation. The adjustment programmes imposed upon them often result in deteriorating living standards and social instability. Macroeconomic policy co-ordination among developed countries has been carried out with little regard for the interests of the developing countries. All these factors have added to the uncertainties in the prospects of the world economy, particularly the economies of the developing countries.

Developments in the last decade have indisputably revealed that these have their cause in the present inequitable and irrational international economic order. Without an overhaul of the present economic order, the development efforts of the developing countries can hardly be rewarded with success, nor can world prosperity and stability be ensured. This gives added urgency and relevance to the call for a new international economic order.

The international community cannot afford to lose another decade. What is needed is foresight, co-operation on the basis of equality and commitments to action. In this regard, the special session should make a good beginning by reaching a new global consensus on launching a new round of substantive and meaningful North-South dialogue, and on strengthening international economic co-operation for common development in the 1990s.

We believe that the following principles can provide the basis for a new consensus to enhance international economic co-operation.

First, the development model of a country must be decided upon by its own people in the light of its own conditions.

(Mr. Zheng Tuobin, China)

The road a country takes to development, the strategy and the model it decides upon, can only be based on its historical and present imperatives as well as its people's will, and must be capable of unleashing the dynamism of its people and be able to adapt to the constantly changing world economic environment. We therefore believe that the primary responsibility for development lies with the developing countries themselves. No country or organization should interfere in the development policies of other countries. Attempts at imposing certain kinds of models as a panacea for development is both unrealistic and most harmful. Such practices must be firmly rejected in international economic relations.

At present, a few developed countries are using their economic leverage to exert political pressure on developing countries or even interfere in their domestic affairs. This tendency is detrimental to international economic relations. Such conduct not only impairs the development of friendly and co-operative relations among nations on the basis of the Five Principles of Peaceful Coexistence but also poses a threat to world stability and development.

Secondly, there must be an improved international economic environment.

Whether the economies of the developing countries can take a turn for the better in the 1990s largely depends on a significant improvement of the international economic environment and the effective support of the international community. In this respect, developed countries, particularly the major developed countries, have an inescapable responsibility.

In the formulation of macroeconomic policies of the major developed countries and the policy co-ordination among them the interests of the developing countries must be taken into full consideration. At a time when economic relations among countries become increasingly closer, all countries must have a right to participate fairly in the process of international co-ordination, rather than

(Mr. Zheng Tuobin, China)

having one country or a few countries making decisions for all. The macroeconomic policies of major developed countries, which have significant external impact, should be placed under appropriate multilateral surveillance. The United Nations should play a much larger role in the creation of a more favourable international economic environment.

Thirdly, the revitalization of the economic growth and development of the developing countries must be the primary objective of international economic co-operation.

The developing countries, as a whole, are facing grave difficulties in their economic development. The revitalization of the growth and development of these countries must therefore be the focus of and an urgent task for international economic co-operation. Without solving the development problems of four-fifths of the world population, it would be impossible either to achieve sustained and stable growth of the world economy or to maintain international peace and security. The international community must face this question squarely and must search for positive solutions. It is therefore necessary and appropriate that this special session should focus on the revitalization of economic growth and development of the developing countries.

In line with the above principles, effective measures are urgently required to be taken in the interrelated areas so as to alleviate the grave difficulties of the developing countries. These measures should, inter alia, include:

First, substantial reduction of the debt stock of the developing countries and their debt-servicing burden. The solution to the debt problem should be oriented towards the revitalization of growth and development in the debtor developing countries.

Second, urgent reversal of the net transfer of resources from developing

(Mr. Zheng Tuobin, China)

countries to developed ones. Recent developments in the international situation should not affect the already limited flow of resources to developing countries.

Third, halting trade protectionism and increasing the export of manufactured goods of developing countries. Developed countries must honour their commitments to the standstill and roll-back of protectionism by way of eliminating tariff and non-tariff barriers against developing countries.

Fourth, the stabilization of prices of primary commodities and an increase in the export earnings of developing countries. The Common Fund for Commodities, which has entered into force, should start operations as soon as possible.

Fifth, actively promoting transfer of needed technology to developing countries, as well as helping to develop their human resources.

Sixth, taking an integrated approach to environmental protection and economic development, providing additional resources and accelerating transfer of related technology in order to help the developing countries build up their capability for environmental protection. In addressing the global environmental issues, the special needs and difficulties of the developing countries should be given full consideration.

Seventh, providing special assistance to the least developed countries, low income countries and other developing countries which suffer from geographical disadvantages or serious natural disasters, including the formulation of a programme of action for the least developed countries for the 1990s.

Strengthening international economic co-operation for development has become a matter of universal concern on the international agenda for the 1990s. It is the hope of the Chinese delegation that this special session will demonstrate a spirit of co-operation by adopting a forward-looking and action-oriented final document which will provide clear guidelines for the above-mentioned activities and a good basis for enhanced international economic co-operation in the 1990s.

(Mr. Zheng Tuobin, China)

I would like to take this opportunity to give a brief account of development in China. China is a developing socialist country. The Chinese people have been engaged in a long and active quest for a development course that conforms to the realities of the country. History has taught us that focusing on economic construction, implementing policies of reform and opening to the outside world and developing socialism with Chinese characteristics are the only ways to lift the Chinese nation out of poverty and to make China strong and prosperous. Four decades of hard work, especially during the past 10 years, have brought about tremendous changes in the Chinese economy and society. The Chinese Government is now devoted to the objective of building a modernized economy - that is, to increase the country's per capita gross national product to that of a medium-income developed country by the middle of the twenty-first century.

The reform in China is aimed at establishing a system adapted to the realities in China, a system that integrates planned economy with market regulation to ensure sustained, stable and co-ordinated economic development.

China's opening to the outside world means developing economic and trade relations with other countries on the basis of equality and mutual benefit, actively absorbing external resources and learning from foreign scientific and technological achievements and managerial experience, including active participation in economic and technical co-operation among developing countries.

After a decade of reform and opening-up, China's gross national product has doubled; the volume of import and export has increased four times; the people's living standard is noticeably improved. The targets for the first stage of modernization are already - and sooner than expected - a reality. Facts have shown that the basic policy we have implemented so far is in line with realities in China. It is a correct policy that enjoys the wholehearted support of the Chinese people of all nationalities, and therefore it will not change in any event.

(Mr. Zheng Tuobin, China)

At present, while adhering to the policies of reform and opening-up, we are adjusting certain specific policies, cooling down the over-heated economy, improving macrocontrol and putting an end to the chaotic situation in some areas. This is by no means a retreat from the policies of reform and opening-up. It is aimed only at creating necessary conditions for better implementation of our established policy, promoting the sustained, stable and co-ordinated development of our national economy and accomplishing the strategic target of the second stage of modernization, namely, to double our gross national product once again in the last decade of this century.

In that connection a stable environment is essential, and we are therefore taking effective measures to maintain political, economic and social stability in China. The Chinese Government will continue its domestic and foreign policies, which have been proved effective by history. We will also help advance the international situation in the direction favourable to peace and development. Facts will further prove that an independent, stable and prosperous China will make a greater contribution to human progress.

Mrs. LANDRY (Canada): The timing of this special session is opportune, as it will help to set the framework for economic co-operation and development strategies in the 1990s. It comes also at a time of tremendous change in the world around us.

In this context it is with great pleasure that Canada welcomes Namibia to our midst as the 160th Member of the United Nations and its participation for the first time in the General Assembly and in this important endeavour.

For many, the decade of the 1880s was an extremely difficult one. It is therefore with hope and a firm desire to avoid past mistakes that we look forward to the promise of the 1990s. It is fitting that we, as representatives of our

(Mrs. Landry, Canada)

national Governments, take this time to discuss ways to strengthen economic co-operation and to lay the basis for sound national policies that will lead to sustainable growth and development.

As we embark on this last decade of the twentieth century our world is becoming ever more interdependent. We all share responsibility for creating favourable international economic conditions and for strengthening international co-operation. The importance Canada attaches to this co-operation and to the special session of the General Assembly is reflected in the paper Canada presented outlining many of our views and ideas on these issues.

A number of principles for international economic co-operation and development bear repeating: all humanity has a basic right to life free from hunger, poverty, ignorance, disease and fear; each State is responsible for its economic policies for development and for the well-being of its citizens; the international community has a responsibility to assist developing countries in pursuing effective policies of development; and effective multilateral institutions can and should be used to shape economic co-operation.

There are three major themes I should like to touch upon in my remarks this morning, and they are very much related to the changes taking place in the world today.

(spoke in French)

The first theme is that of economic pluralism. We have all come to recognize that we need to provide more scope for our citizens and businesses to undertake the economic activities they perceive to be most beneficial to themselves and to their communities. We also need to respond to the more competitive world environment and, in so doing, to restructure our economies.

Growth needs to be broadly based, drawing the mass of the people into productive economic activity. Improvement in the standard of living, increased

(Mrs. Landry, Canada)

equity and the broad participation of the population in the economy require an institutional setting that can provide greater choice and more opportunity. The reduction of poverty in all societies must be a primary goal.

Economic growth requires that all countries develop a sustainable macroeconomic structure and that they vigorously pursue long-term domestic economic reform. They should emphasize greater economic flexibility and responsiveness, an effective and efficient use of financial and human resources and a broader scope for competition, initiative and private enterprise.

An important part of this process is the role of market forces and price signals in transmitting information. Such signals are critical for many different activities and Government policies. They are the key to efficient mobilization of domestic savings in the financial sector and to enabling farmers to decide which crops to grow in order to maximize returns from their plots of land. The use of market forces and price mechanisms is the most effective way in which we can organize our economies to respond best to the needs and aspirations of our citizens.

(Mrs. Landry, Canada)

If the majority of the population is to be able to participate effectively in a pluralistic economy, to contribute to national development and to fulfil its potential, certain basic human needs must be met: the illiterate must have a chance to learn to read and write and adequate vocational training must be provided, particularly to the poor; people who are ill or undernourished should have access to the primary health care and the basic nutrition they require; children need to be inoculated against diseases, and mothers need to be educated about how to care for their infants and children; women should have access to education so that they can participate fully in the development of the society in which they live, and hence they should have access to credit and other facilities needed to improve their income-earning capacities; and the fruits of development must be shared equitably.

We are especially concerned with preserving the environment. This is a global challenge and requires effective international co-operation. Governments must take measures to ensure that their citizens will have the abilities and skills to maximize the productive use of the natural environment, in a sound and sustainable manner. The re-establishment and preservation of the agricultural and forest areas, where the majority of the population live, should be given priority. Without such remedial action it will be impossible to improve their well-being.

My second theme - which is very closely related to the first - is that of political pluralism. The essential point is that the development of all our societies can only be enhanced when people are free to exercise their democratic rights. Individuals must have the opportunity of participating in the reaching of decisions - whether at the national or the local level - that directly affect their daily life. Now, the effective exercise of these rights depends in part upon the existence and effectiveness of the appropriate democratic institutions.

(Mrs. Landry, Canada)

Both urban and rural communities should be able to elect their own bodies to take decisions on the provision of services relating to public utilities, education, health, water supply and other parts of the infrastructure.

In the last decade we have seen the emergence of new democratic governments in Eastern Europe. We know that significant progress has been made in the assumption of power by democratic Governments in Latin America, Africa and Asia. There are other examples where, as a result of free elections, Governments have had to reform their institutions in order to give the people greater participation.

Finally, it is critical that the administration of justice be independent and that public administration be impartial and consistent. The problem of corruption is of concern to citizens and Governments throughout the world because it can have devastating effects on national development. Besides the obvious costs and the distortions that corruption produces in decision-making machinery, it undermines the public's confidence in the State institutions. The system of government and public administration must, in the final analysis, be accountable to the people and responsive to their needs.

For many years regional conflicts resulting from confrontation between various ethnic groups and difficulties over the sharing of natural and other resources were exacerbated by the super-Power rivalry. The difficulties which arose from that rivalry were acted out by proxy in regional conflicts. The combination of regional and international factors caused many conflicts, with indescribable suffering for civilians, some of whom had to abandon their homes, with no choice but to eke out a precarious existence, barely surviving, crowded together in refugee camps.

I am particularly concerned about the situation in the Horn of Africa, where a very serious threat of starvation faces several million persons. The civil war,

(Mrs. Landry, Canada)

greatly exacerbated by external interference, has reached the stage where it not only deeply disrupts the local economy, above all agricultural production, but also places at risk the delivery of food supplies to the areas of conflict where the local populations, already suffering from drought, are today threatened by famine.

The relaxation of political tensions and of the military rivalry between the major world Powers has created a tremendous momentum for solving regional conflicts and could thus provide the occasion for significant reductions in military spending. We must seize this opportunity.

(spoke in English)

Development and revitalization of growth depend on our putting the priority on appropirate domestic policies and programmes that provide for the pluralistic development of the economy and the society. It depends also on the development of institutions and the improvement of human resources and capacities in order to allow people the opportunity to invest, to become entrepreneurs and to overcome their own problems.

Canada believes its fundamental interests and those of all nations can best be realized through international co-operation and effective multilateral institutions. We are committed to the United Nations playing a positive and constructive role in this process. We hope this special session is a harbinger of a more constructive dialogue which will leave behind old and sterile debates.

We all share responsibility for strengthening international economic co-operation. The international community should continue to provide necessary external resources to facilitate structural reform and to help alleviate adverse consequences for the poor and vulnerable. Support should be available for counttries implementing growth-oriented reforms to assist them to manage and, where

(Mrs. Landry, Canada)

appropriate, to reduce their external debt burden. We should develop a more open, credible and durable multilateral trading system which can contribute effectively to growth and development. A successful Uruguay Round, with significant market liberalization, will benefit all.

Canada continues to commit itself to the provision of a large and expanding programme of assistance to many countries, and to the continued development of multilateral institutions. We remain committed to helping countries utilize the opportunities created by structural reform and to promoting economic revitalization with equity. Canada will also continue to support efforts to realize the potential of human resources, particularly in the context of a pluralistic society.

It is a major task that is before us. The 1990s hold new promise and excitement. We shall all work together to ensure that our expectations are reached here in the special session and in the decade to come.

Mr. DOOKERAN (Trinidad and Tobago): Trinidad and Tobago is pleased to join other Member States in expressing its deep satisfaction at the entry of the independent State of the Republic of Namibia into the brotherhood of nations. Over the years, the Trinidad and Tobago delegation has worked closely with the South West Africa People's Organization, which then ably represented the people of Namibia. Officials from my country were similarly privileged to participate in the United Nations Transition Assistance Group, which played an important role in facilitating the emergence of Namibia to independence. We look forward to other closer ties in the coming years between our delegations and Governments as we strive to better the lives of our peoples.

The special session of the United Nations General Assembly offers the world community of nations an opportune moment for developing countries to emerge from the painful social and economic development experience of the 1980s with the determination to reshape our development strategies for the 1990s and to address in a forthright way the agenda issues that will forge a more meaningful relationship between international co-operation and growth and development in the countries of the South.

The possibility of finding fulfillment in the world of tomorrow implies not only a change in the perspective of "what development is", but equally an enormous political will to overcome the obstacles and to promote the conditions for the creation of an international environment that is truly supportive of development. Appropriate macroeconomic policies on the domestic front in developing countries will require a supportive international platform for an effective development strategy. Development is a responsibility that must be shared by all.

The conventional approach equates development with large-scale industrialization. It measures development in terms of the rate of growth of the national income. That view inevitably leads to an elitist form of development.

(Mr. Dookeran, Trinidad and Tobago)

Such measurement is clearly inadequate as seen in the small island economies of the Caribbean. It does not capture the true state of development of the people and says little about the costs and benefits of economic performance.

Bringing people to the centre stage of the development process is perhaps the single most important conceptual change that must take place in the definition of development. Other goals must be given equal prominence: employment, the quality of life, the creation of opportunities. Those and other people-centred goals must be brought to the fore as we redefine development and link it to the urges of the peoples of the developing world.

The widening gap in technology is now assuming even more importance than the long-recognized foreign-exchange gap and the savings-investment gap. In the years ahead, the gains of development on other fronts could be easily eroded by technological changes as many countries, particularly those with small economies, face the real prospect of marginalization. The revitalization of economic growth and sustained development needs an appropriate response, one that is comprehensive and practical and is firm in its proposals on the financing of technological flows.

The need for the resumption of the transfer of technology to the South is also an important component in the evolving strategy to address the global environmental crisis. We must continue to view sustainable development as a process of change in which the orientation of technological development and institutional changes are made consistent with future as well as present needs.

While the 1992 Conference on Environment and Development will address those issues, the special session must demonstrate that a global political will exists to restore a long-term approach to the development of all countries within a sustainable framework that would allow the problems of developing countries to be

(Mr. Dookeran, Trinidad and Tobago)

addressed in the short term. The environmental crisis has also added the new element of a sea-level rise to the special problems of island developing countries.

There is a resurgence of protectionism and non-tariff trade barriers in developed market economies. This is taking place at a time when many countries, faced with structural adjustment programmes, are urged to open their markets to international competition. The multilateral trading system has had to contend with a new trend towards bilateralism and undesirable quantitative restrictions on trade, as non-tariff barriers affect a larger proportion of world trade than before.

It is essential that the existing rules of multilateral trade be fully respected and that access to markets, particularly in respect of exports from developing countries, be improved as a matter of urgency. That is especially important for island developing countries such as my own, which, with small internal markets, find it difficult to benefit from economies of scale without exporting a significant portion of their goods and services. Collective efforts aimed at trade liberalization should therefore continue, and the fundamental principle of equal access to markets must be fully respected.

The General Agreement on Tariffs and Trade represents the best mechanism for achieving the broadest possible global trade liberalization, and the successful outcome of the Uruguay Round would considerably enhance worldwide economic prosperity. Greater integration among major trading entities should not be allowed to weaken the multilateral trading régime; rather, they should be harmonized and so structured as to increase international trade and provide new market opportunities for developing countries.

Trinidad and Tobago has previously articulated the position that, in the present round of multilateral negotiations, the outstanding issues should have been concluded before new ones were addressed. The general trend has not been in that

(Mr. Dookeran, Trinidad and Tobago)

direction. Negotiations in the Uruguay Round have so far paid less attention to market-access issues that are of crucial importance to developing countries, and more to the elaboration of new rules in areas such as services and intellectual property. The considerable number of proposals, particularly in the area of safeguards that would bring additional discriminatory mechanisms into the multilateral trading system, would also be detrimental to developing countries. The final phases of the Uruguay Round should pay close attention to the critical issues on the development agenda, and the contributions of all States - large as well as small - must be recognized, since its outcome is of concern to all trading countries.

(Mr. Dookeran, Trinidad and Tobago)

The deterioration of the terms of trade and the dramatic rise in real interest rates in the early 1980s precipitated a debt crisis unprecedented both in magnitude and duration. Structural adjustment programmes were introduced to bring about balance in the internal and external accounts of developing countries in the short term while laying the foundation for long-term development. This has led to the phenomenon of "adjustment fatigue", as the imperative of changing the production structures with social equity remains a central tenet of the new development paradigm.

Some steps have been taken to address these issues, as countries now acknowledge that the resolution of the debt problem is the dual responsibility of the debtor and creditor nations. The Toronto Summit of the Group of Seven, addressing the debt problems of low-income countries, agreed on the need for more lenient rescheduling of their debts in the Paris Club. Subsequent initiatives taken by France and Japan focused on the debt of middle-income countries. The United States proposal, known as the Brady Plan, recognized the link between debt, trade and growth.

These initiatives were encouraging in that they recognized the need for debt reduction in the effective resolution of the debt crisis. However, the reductions must cover a broader range of countries and all types of debts. The international debt strategy should also cover those countries that have met their international financial obligations at great social cost.

In this regard, the recent decision of the Government of Canada to provide financial relief to the Commonwealth Caribbean countries by cancelling the official development assistance debts must be acknowledged as a tangible contribution.

Balance of payment support provided by the multilateral lending institutions must be linked to the growth process. The time frame, the extent of coverage and the lack of concessional sources of funds for resource transfers in these

(Mr. Dookeran, Trinidad and Tobago)

programmes need to be reappraised and taken into account in the formulation of concrete proposals to facilitate economic recovery and the renewal of growth.

The political and economic reforms in Eastern Europe present other challenges and opportunities for the 1990s. As the situation unfolds, necessary measures should be taken to maintain a world balance of financial flows and to ensure the equitable development of all States in accordance with the objectives of this special session.

The relaxation of East-West tensions should speed up the disarmament process and facilitate the re-allocation of resources from armaments to socially productive uses, including development co-operation. The peace dividend should release much of the $1 trillion a year allocated to global military expenditures, part of which should be utilized to attain the goal of the sustainable development of all States.

The world is now in the final decade of the twentieth century, with profound changes leading to a more integrated global economy. The challenges and opportunities this process poses should be continually assessed, so that developing countries are given the opportunity to experience a new era of growth and development. We have now established an essential complementarity between domestic economic management in the countries of the South and the need for international support, including a predictable global economic environment for trade and development. The international community must continue to build on this foundation with the common objective of achieving sustainable development for all countries.

The United Nations is appropriately placed to inspire and co-ordinate this collective effort. Ongoing processes, such as the elaboration of the new international development strategy, the final phases of the Uruguay Round of Multilateral Trade Negotiations, and the preparations for the 1992 Conference on

(Mr. Dookeran, Trinidad and Tobago)

Environment and Development, should all benefit from clear political signals emanating from this special session. We must now define, with a full confluence of political will, the main canons for the promotion of international economic co-operation for the revitalization of growth and development in the countries of the South.

Mr. VRAALSEN (Norway): I should like to start by sharing the joy of previous speakers in welcoming independent, democratic, majority ruled Namibia as the 160th Member of the Organization. My delegation is certainly looking forward to working closely with the delegation of Namibia.

In the period of about 15 months which has passed since the General Assembly decided to convene this special session, considerable changes have taken place in the world and in international relations. These changes are of such scope and character that it does indeed seem like a very propitious moment to seek to lay a new political foundation for global economic co-operation and to give new impetus to the economic dialogue in the United Nations and other global economic forums.

Democratization and reform have taken place in Eastern and Central Europe on a very broad basis and at a breath-taking pace. Coupled with the political changes are fundamental economic reforms which still are at the initial stages but which aim at the improved mobilization of both human and natural resources. According to stated intentions, they also aim at bringing the Eastern European countries more into the mainstream of the world economy at large, which will, one hopes, provide it with a very welcome boost.

The fundamental principle of every people's right to rule itself, through its freely elected representatives, has enjoyed many triumphs also in other parts of the world recently. I am referring, in particular, to Namibia's transition to

(Mr. Vraalsen, Norway)

independence and majority rule last month, and also to developments in several Latin American countries.*

---

* Mr. Jaya (Brunei Darussalam), Vice-President, took the Chair.

(Mr. Vraalsen, Norway)

Decisive progress has been made in the resolution of several regional conflicts over the past few years, with good help from the United Nations, and this has contributed towards raising the Organization's standing and prestige. Détente and the vastly improved relations between the super-Powers have contributed to a significant improvement in the general political climate. This should also benefit the econmic dialogue. A renewed and positive interest in using the Organization to achieve practical results in areas that are high on the political agenda - such as efforts to safeguard the environment, combat drug abuse and facilitate economic integration - is visible in many countries, including the super-Powers. High expectations and ambitious demands on the United Nations will necessarily have to be accompanied by strengthened support for the Organization both politically and financially.

Ideological differences have all but disappeared in many areas, or at least have narrowed considerably. This is true also for the economic debate. Market-oriented approaches are increasingly being relied upon in the economic policies of virtually all countries. At the same time, there can be no serious argument about the fact that an adequate and efficient public sector is also needed to provide the necessary infrastructure and public services, to make sure that the expected benefits from competition are not jeopardized by monopolies and abuses of dominant positions, and - to a certain extent - to redistribute income and provide social safety nets.

On the side of the developing countries we have noted several expressions of moderate and realistic attitudes. We seen this, for example, in the declaration from the last non-aligned summit meeting in Belgrade and indeed in the proposals put forward in connection with the preparations for this special session. Nobody seems to be contesting that each and every country carries primary responsibility

(Mr. Vraalsen, Norway)

for its own development, just as there no longer is any argument about the fact that a favourable international environment is needed if national efforts are to succeed. We therefore carry a joint responsibility for ensuring that the world economy offers a framework that will help and not thwart our national efforts.

Positive political changes and tendencies towards a greater convergence of views means that we now have a golden opportunity to forge a new consensus - a consensus that will provide a political basis for increased and improved international co-operation - to help us face the challenges we see at the end of this millennium and to put the opportunities offered by the new situation to the best possible use.

This consensus must be embodied in a declaration from this special session that should be brief, clear and readable, make sense to the experts, and appeal to both the hearts and the minds of interested and concerned men and women all over the world. Some progress has been made through the preparatory work, and as far as we can see there is a wide measure of agreement on a general approach consisting in mapping out the main challenges and giving broad policy guidelines on how to meet them without trying to work out solutions for specific problems. This in any case will have to be done in the various competent forums and continuously improved and refined.

The declaration should serve mainly to give political impetus and guidance to all the more specific efforts undertaken in the competent forums. There is indeed no shortage of occasions to put the general principles and guidelines into more concrete shape and form. We have the Paris Conference on the Least Developed Countries, coming up in September; the finalization of the new International Development Strategy at the General Assembly this autumn; the completion of the Uruguay Round before the end of the year; UNCTAD VIII next summer; and the 1992

(Mr. Vraalsen, Norway)

Conference on Environment and Development - to name but some of the most imminent and most important.

Having spoken on the format of the declaration, I shall offer some views on what should be its content. My delegation continues to believe that the declaration should be structured around three broad areas or pillars.

The first pillar should be the economy, where we have to recognize, on the one hand, how the rapid internationalization of our economies has made us more and more dependent on each other and how we therefore have an important stake in each other's successes and are hurt by each other's failures; and, on the other hand, how the issues relating, for instance, to resource flows and indebtedness are interlinked intimately with other issues, notably trade and market access. The fact is that decisive progress can be achieved only if the key issues are dealt with in an integrated manner and over a broad front.

Priority tasks in the economic area should be:

First, to achieve a global economic framework that is more conducive to a broad-based revitalization of economic growth and development, in particular in the developing countries;

Secondly, to improve market access and strengthen the multilateral trading system, and in this context to bring the Uruguay Round of negotiations to a successful and mutually beneficial conclusion;

Thirdly, continuously to improve and adjust the international debt strategy and to complement it as necessary with further measures in order to achieve an early solution to the problem of external indebtedness;

Fourthly, to reverse the situation of net financial transfers from developing countries - and in this context to make determined efforts to reach the official development assistance targets, notably the 0.7 per cent target and the 0.15 per

(Mr. Vraalsen, Norway)

cent target for aid to the least developed countries - and increased economic co-operation with Eastern Europe must not be at the expense of co-operation with and assistance to the developing countries;

(Mr. Vraalsen, Norway)

Fifthly, to continuously adjust our respective domestic policies in order to establish a national economic environment conducive to sustained growth.

The second pillar should be human development. The ultimate goal of all our efforts is the well-being of our people. At the same time human development is also a very important and very necessary means to achieve lasting and equitable growth and prosperity. The eradication of the wide-spread poverty that continues to exist will be possible only through the improved mobilization of human resources for development. Longer-term economic and social growth and development is possible only with a healthy, well-educated population that also enjoys human and civil rights, a population able to participate fully in the economic and political processes of the country. Any successful development policy must fully acknowledge the role that women - half of the human-resource pool - must play. All we can do to ensure the education, health and happiness of our children also represents a vital investment in the future. Successful population policies are a prerequisite if other development efforts are to succeed.

The third pillar should be the relationship between human activity and the environment, and recognition that all our efforts - individual, in enterprises and local communities, nationally and internationally - must build upon the concept of sustainable development. As military threats disappear and subside, ecological threats become more visible, and they now constitute the most serious preoccupation of many people, notably those of the younger generation. Fortunately, the reduction of political and military tensions provides us with vastly improved opportunities to tackle the real challenges of our time, of which the development crisis in a major part of the world and the ecological crisis, which threatens the whole world, are the two most important.

(Mr. Vraalsen, Norway)

The developed countries, which are responsible for the major share of global pollution and resource depletion, must also assume the main responsibility for finding solutions that can reverse the present unsustainable trends. Solution of the environmental problems will require the mobilization of significant new and additional resources. All countries and all international organizations must review their activities to make sure that they are compatible with the principle of sustainability. Any actions taken without due regard for their effects on Mother Nature will sooner or later prove to be counter-productive.

Thus the Declaration should deal with how better to manage the global economy, how to improve the living conditions of all people and how to take care of the planet on which we all live.

To complement and strengthen individual and national efforts, we also need to increase and improve international co-operation. Some new tools for this co-operation may be called for, but basically we have the organizations we need. The United Nations system, in the broad sense, is the only truly universal forum we have where we can take up virtually any issue of common concern and which could lend itself to multilateral co-operation. It depends upon us, the Member Governments, if we want to use this unique instrument even better than we have in the past, with more recognition of common interests and more emphasis on pragmatism and practical results.

Let this be the main message of the special session: a solemn pledge to increase and improve international co-operation, and in particular to give a new impetus to the global economic dialogue in the framework of the United Nations system.

Mr. BOZER (Turkey) (interpretation from French): At the outset I would express my pleasure in addressing the Assembly. I am confident that under the presidency of Mr. Garba we will be able successfuly to complete our work aimed at promoting international co-operation for the well-being of all mankind.

I should also like to avail myself of this opportunity to express our happiness at seeing Namibia, after long years of toil, taking its rightful place within the community of nations.

This special session is taking place at the threshold of the last decade of the twentieth century. It thus allows us to examine the evolution of the world economy and to lay emphasis on the challenges we will face during the 1990s. This is certainly a difficult task at a time when deep changes are affecting existing international structures. Indeed we live in a period of major transformation. On the one hand, the political and economic reforms taking place in Eastern Europe make it evident that the ideological rift between East and West is gradually closing. On the other, the movement towards regionalization, which is becoming apparent on both sides of the Pacific, the efforts of the European Community and the prospects for complete European integration are evidences of an important restructuring process.

This picture of change and promise is none the less clouded by problems relating to economic growth in the developing countries as well as to problems affecting the international economic system.

Confronted with so many changes and problems, we need to adopt a realistic approach, avoiding both complacency and alarmism. In other words, it is incumbent upon us to rely on a new form of international co-operation that fully reflects the economic realities of our times. Those realities consist of economic interdependence, ecological interdependence, increasing reliance on the market

(Mr. Bozer, Turkey)

economy and the diversity of economic structures and problems, as well as the need to establish relations based on mutual advantage.

The prospects for growth and development in the developing countries would appear to be based primarily on three factors: the policies they themselves will adopt, the economic performance of the industrialized countries and the capacity of the international economic system to back up the implementation of effective policies by the developing countries.

(Mr. Bozer, Turkey)

The experience of the 1970s and the 1980s has proved the importance of domestic policies. In most cases, the adoption of outward-looking policies has allowed some developing countries more fully to benefit from the possibilities of foreign trade, foreign investment and adequate - relatively speaking - loans.

Turkey's experience in that regard is a good example. Since 1980 Turkey has fundamentally transformed its economic structure and its ties with the world economy within an effective programme of structural adjustment. As a result, in the last decade remarkable growth rates and a rapid industrial transformation have been achieved. Exports have grown fivefold, the share of industrial goods in exports has more than doubled, reaching 80 per cent, while the balance of payments has improved dramatically, registering surpluses in the past two years. Thus Turkey has reduced its external debt by being able to meet its service obligations regularly and on time.

It is true that not all developing countries have had favourable conditions to implement externally oriented policies. For the low-income developing countries and those heavily in debt, the development process has been seriously impeded in the 1980s, leaving them far behind in world growth.

In general, due to their relative weight and their growth potential, the industrialized countries play a dynamic role in the growth of developing countries. However, one of the major changes that have occurred in the structure of the world economy is the increasingly asymmetric character of relations between industrialized and developing countries. In fact, while the industrialized countries with market economies have, as a whole, experienced a modest but continuous expansion over the last seven years, most developing countries are still going through a deep crisis.

(Mr. Bozer, Turkey)

In spite of this growing asymmetry, the economic policies of the industrialized countries and the level of their co-operation affect the policies of the developing countries. There can be no doubt about the importance of intensified co-operation between those responsible for economic policies in the industrialized countries in recent years. However, there is still a long way to go. The general problems of unemployment, protectionist pressures, high real interest rates, external imbalances, volatility of exchange rates and the vulnerability of financial markets are the clearest proof of that. Dealing with those problems requires the establishment of closer co-operation, particularly in the field of macroeconomic and structural policies, with due account being given to the interests and needs of developing countries.

This co-operation is not sufficient in itself to create conditions for a better future for the world; it should be complemented by stability in the international trade and financial system. However, national policies often seem to be incompatible with the corner-stones of the international economic system.

First, the international trade system is increasingly threatened by the expansion of protectionism in the form of unilateral or bilateral arrangements contrary to the spirit of the General Agreement on Tariffs and Trade (GATT). A clear divergence is becoming evident between the long-term objectives proclaimed by Governments and the short-term policies they pursue. We should therefore show unequivocally that we are determined to resist protectionist pressures and to renounce measures which subvert international trade mechanisms.

The Uruguay Round negotiations provide an excellent opportunity for that. Their success will help strengthen the multilateral trade system, mainly through adequate, concrete responses to issues traditionally of particular interest to developing countries. This approach will also show that moves towards economic

(Mr. Bozer, Turkey)

integration are aimed at the unification and dynamic liberalization of domestic markets and not the establishment of new barriers against third countries.

The re-establishment of the basic principles of the multilateral trade system should be accompanied by more effective co-operation on the transfer of international resources to developing countries. Paradoxically, during the 1980s those countries were net exporters of resources to the industrialized world, primarily because of deteriorating terms of trade and increased interest rates, which worsened the debt crisis for many developing countries.

In this context, it must be accepted that considerable progress has been made recently with a view to reducing the debt and its servicing. Nevertheless, a lasting solution requires increased efforts centred on a series of measures reflecting not only purely financial considerations, but also matters relating to commercial and macroeconomic policies.

Effective co-operation, apart from dealing with trade and financial flows, should also address other fields, such as raw materials, transfer of technology, the environment and human resources. It is up to us to identify the areas of common interest.

The only issue which transcends economic concerns and therefore our mutual interests is the struggle against abject poverty, which, for both political and humanitarian reasons, can no longer be tolerated. It is the duty of the whole international community to meet as far as possible the minimum needs of millions of human beings in the fields of health, nutrition, education and employment in the least developed countries.

South-South co-operation could also play an important role if it were fully supported by the countries directly concerned and encouraged by the industrialized world. It should also benefit from contributions by the more advanced developing countries. In this context, I emphasize that Turkey is today in a better position

(Mr. Bozer, Turkey)

to increase its participation in co-operation between developing countries. This is shown by the fact that the share of developing countries in Turkey's foreign trade has increased and by the growing support given by Turkey to the development efforts of the least developed countries.

The reform process in certain Eastern European countries also offers an excellent opportunity for dialogue and co-operation. It is a historic challenge to substitute for the dogma based on a planned economy policies oriented towards a market economy and pluralistic democracy. Such action is also likely to result in the short term in great socio-economic difficulties. It is therefore essential that the international community continue to do its best to support this very important complex and costly exercise.

(Mr. Bozer, Turkey)

Firmly attached to the values of pluralistic democracy and market economy, Turkey wholeheartedly welcomes the evolution occurring in Eastern Europe. In this spirit, Turkey has actively participated in all international initiatives aimed at supporting these countries. The role played by Turkey within the Group of 24 in contributing actively in terms of assistance and credit to certain Eastern European countries is a concrete example of this commitment. Turkey also desires to share with these countries its experience in the area of structural adjustment within a parliamentary democratic régime. However, we are also aware that the support given to Eastern Europe should not result in a diversion of attention and resources required for the economic growth of the developing countries.

For us, "international system" also stands for "system of co-operation". To be effective, this co-operation should reflect the common political will of the entire international community. The essential point is to mobilize this will at a juncture when deep and rapid changes are occurring.

The Conference held recently in Bonn has given new impetus to East-West economic relations. It is now time to do the same with respect to the economic growth of the developing countries. That is why the declaration which we shall adopt at the end of this special session will, we hope, be inspired by action-oriented considerations with a view towards future progress. In this manner, we can also contribute to the ongoing work of the Fourth International Development Strategy. This contribution is all the more important in that the Development Strategy should, in a realistic and flexible manner, be based on a global and balanced concept of the world economy.

Of course, we should not underestimate the difficulties which might undermine efforts directed towards a more functional and diversified international

(Mr. Bozer, Turkey)

co-operation. But all of these difficulties will not deter us if we demonstrate a common determination to overcome them.

In conclusion, I express the hope that this session will be crowned with success and lead to fruitful, concrete results.

Mr. GHOZALI (Algeria) (interpretation from Arabic): First, I should like to convey to the President, Mr. Garba of Nigeria, our congratulations on his election to the presidency of the eighteenth special session of the General Assembly. The wisdom, competence and determination, with which he conducted the work of the forty-fourth session of the General Assembly are the best guarantee for further successes in our endeavours to promote the prestige and enhance the rejuvenation of the United Nations.

A distinct illustration of the resurgence of this prestige is provided by the accession of Namibia to independence under the leadership of the South West Africa People's Organization (SWAPO). We refer to this example, while welcoming Namibia among the ranks of independent Members of the Organization.

At this critical moment, the Algerian delegation is happy to extend its genuinely fraternal feelings to our Namibian friends. Indeed, Namibia's accession to United Nations membership provides further evidence that success eventually crowns the struggle of peoples against colonial hegemony and racial suppression.*

The tireless efforts made by the Secretary-General, Mr. Perez de Cuellar, to enhance this new dynamism of the Organization and to expand it to help foster international co-operation for development is deserving of admiration and support. I should here like to express to him my deepest appreciation of his excellent reports submitted to this session.

---

* Mrs. Castro de Barish (Costa Rica), Vice-President, took the Chair.

(Mr. Ghozali, Algeria)

When the General Assembly devotes a special session to international economic co-operation and, in particular, to the revitalization of the economic growth and development of the developing countries, this represents a sound trend, one which enables us to take stock of recent achievements in political dialoque and consultations. It also enables international co-operation to keep up with the current qualitative changes in international politics.

In fact, the improvement in the international political climate highlights today more than ever the widening gap between the affluence of developed countries and the poverty of developing societies. It emphasizes once again, in the context of the discrepancies created by the present international economic system that international co-operation for development cannot be kept outside the mainstream of world affairs forever, inasmuch as it is a process of significant events and continuing changes, at both the domestic and international levels. The events of this last decade of the twentieth century present us with a principal challenge, namely, development in a context of equality, solidarity and balanced gains for all. Without such development, lasting peace and security cannot be established.

An objective examination of the international economic situation and the state of economic co-operation is bound to cause concern. First, how can we fail to notice, at first sight, the flagrant contradiction between the continued growth of the developed countries for many years now and the stalemate, and even economic retrogression, experienced by the majority of developing countries? How can we justify, in such a context, the record levels of the massive negative net transfer of resources from developing to developed countries, which has been estimated to be in the order of $188 billion for the period 1984-1989, and which exceeded $51 billion in 1989 alone?

(Mr. Ghozali, Algeria)

How can we explain the increased marginalization of developing countries in international trade when such trade is expanding at an ever-faster rate and when it rose above $3 trillion in 1989?

How can we avert our eyes from the multitudes of men and women who live in poverty and need - far more than a billion of them - and whose number is continuing to increase?

Is it possible to continue to ignore the social and political costs the developing countries must pay for their courageous implementation of structural-adjustment programmes, merely to see those efforts reduced to nothing in the long run because of fluctuations in the prices of raw materials due to the hazards of the international economic environment, which is fundamentally unfavorable to them?

Indeed, the vast majority of those countries continue to be crippled by debt servicing and by a drop in export earnings caused, on the one hand, by the two-fold phenomenon of a drop in raw-materials and commodities prices and, on the other hand, by the continued presence of the industrialized countries' protectionist trade barriers, which deny the products of their most dynamic sectors access to the markets of those developed countries, and by restrictions on technology transfers, while at the same time they are confronted with a reduction in sources of external financing and with a stagnation in official development aid.

The economic situation in Africa remains critical, and in this year that marks the end of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, we are forced to note that the international community has not fulfilled the commitments it made at the thirteenth special session of the General Assembly on the critical economic situation in Africa, which was held in May 1986.

(Mr. Ghozali, Algeria)

If we consider the list of large-scale international meetings held under the banner of co-operation for development we can make up a long list of missed opportunities and unfulfilled commitments. In the 1970s the impetus for international co-operation for development and the launching of North-South dialogue that were promoted at the sixth special session of the General Assembly, which was held in 1974 to study the problems of raw materials and development, soon came up against the lack of political will of the developed countries. The eleventh special session of September 1980 and subsequent efforts by the Movement of Non-Aligned Countries and the Group of 77 were unable to realize the long-term dream of a common destiny for developed and developing countries that had been the goal of the initiative behind global negotiations.

The International Development Strategy for the Third United Nations Development Decade has not borne fruit, and even the Substantial New Programme of Action for the 1980s for the Least Developed Countries remains an unfulfilled commitment because in 10 years the number of least developed countries has increased from 31 to 42 and development assistance for those countries has only reached 0.9 per cent of the gross national product of donor countries, compared to the initial goal of 0.15 per cent.

Thus, the 1980s has rightly been referred to as the lost development decade. As we embark on a new decade, the current session must resolutely face the future in order to build on past achievements, to consolidate positive trends on the levels of both ideas and action and to strive to see to it that ongoing developments to achieve progress for all mankind continue on the basis of a new solidarity and real interdependence.

Having said that, we must recognize that the nature of the problems of the developing countries, the vulnerability of their economies to unpredictable changes in an international climate marked by fluctuation and instability and the nature of

(Mr. Ghozali, Algeria)

international monetary, financial and trade systems that perpetuate the marginalization of the developing countries all serve to give the North-South problem a scope that cannot be narrowed down to the ideological focus through which our partners in the North all too frequently choose to view us.

Hence the crucial importance we attach to the revitalization of the economic growth and development of the developing countries, the principal subject of this session. In that connection our countries have drawn up a realistic and balanced Programme, which was adopted in September 1989 at the highest level by the Summit Meeting of Heads of State or Government of the Movement of Non-Aligned Countries at Belgrade. The principal elements of the Programme are contained in the draft declaration submitted by the Group of 77 to the Preparatory Committee for the special session.

The basic principle underlying our countries' strategy is individual and collective self-reliance. However, although each country must clearly assume responsibility for its own development, there are still major problems that call for concerted solutions at the international level.

Foremost among these is obviously the external debt crisis of the developing countries. To the recognition of the need for an international debt strategy to create new growth impetus in the debtor countries has recently been added the acceptance of the principle of a reduction in debt volume and debt servicing.

Those developments have been viewed as encouraging signs of acceptance of the principle of shared responsibility between debtors and creditors. Given the lethargic implementation of that strategy and the conditions and limitations that have been attached to it, there is a pressing need for new and bolder measures to meet the legitimate expectations of the debtor countries.

On the one hand we must expand the effects, consolidate the impact and enlarge the benefits of the principle of significant and timely reduction in debt volume

(Mr. Ghozali, Algeria)

and debt servicing and, on the other hand, we must reestablish a net flow of resources from countries of the North towards the countries of the South as a means of accelerating economic and social development. More specifically, no lasting solution to the external debt crisis of the developing countries can be found in the climate of persistent and exacerbated upheaval and imbalance that prevails in international monetary, financial and trade relations.

There is therefore a serious need to give proper consideration to the problem of indebtedness and monetary and financial questions, as well as of international trade, and to their interrelationships.

(Mr. Ghozali, Algeria)

The universal awareness of the grave threats to the environment is one of the most obvious manifestations of the reality of world interdependence, for it is so true that environmental problems are global in nature and have no borders. The shrinking of the ozone layer, the emission of gases which has resulted in the greenhouse effect, desertification, the accumulation of toxic waste, the threats to the biological diversity of our planet: all these phenomena are of concern to all countries, since they jeopardize the quality of life of the present generation and the very survival of future generations.

In the joint international action designed to confront the environmental challenges, it is essential that the major responsibility of the developed countries for the attacks on the environment should be fully reflected, and that the protection of the environment should not place further obstacles on the path of the development efforts of the developing countries. This presupposes the mobilization of additional financial resources and the transfer of technologies compatible with the protection of the environment. The preservation of the environment presupposes also an increased international effort in the fight against desertification and genuine action to put an end to poverty, which itself is a challenge to the universal conscience and the primary cause of the deterioration of the environment in the developing countries. At a time when the globalization of markets, the great advances in communications, scientific and technical progress and the challenges related to the protection of the environment are making us ever more aware of the realities of the increased interdependence of nations, we should rethink the policy of international co-operation in order to make it a true instrument of development. The opportunities offered by the new international climate should be fully used to that end.

(Mr. Ghozali, Algeria)

This is the time and the place to reaffirm the link between disarmament and development, which should be reflected especially in the allocation of a part of the resources freed through the process of disarmament for the benefit of the developing countries, and to work for the establishment of the appropriate machinery to put this into effect.

At a time of major regroupings, South-South co-operation is all the more necessary as an indispensable dimension of international co-operation. Progress towards collective self-reliance and the establishment of subregional and regional regroupings for economic integration are a primary condition if the developing countries are to be able to face the challenges of a rapidly changing world.

The support of the international community, and especially the United Nations system, for co-operation between the developing countries must be considerably strengthened. Thus, operational activities must be capable of coping with the subregional and regional dimensions of co-operation. They should be of benefit to all the developing countries which believe that the resources and experience of the United Nations system can give useful input at a given phase of their development process. They should be focused more resolutely on the stabilization and strengthening of the endogenous capacities of the developing countries, both at the individual level and at the level of their mutual co-operation.

The development of the domestic policies of the developing countries, their desire to ensure that every individual enjoys his full rights, the effects of economic regroupings which are taking place both in the North and in the South, the integration of the countries of Eastern Europe into the world economy: all of this calls for better adapted and more vigorous international co-operation, at the service of a more balanced North-South relationship and a South-South economic space that responds to the real potential of the developing world. The forthcoming

(Mr. Ghozali, Algeria)

preparation of a new United Nations strategy for development, the holding in September 1990 of the second United Nations conference on the least developed countries, the negotiations at the Uruguay Round which are entering their final phase, the international Conference on Environment and Development in 1992 are important opportunities for pursuing the resurgence of international co-operation, for which the present special session must lay the foundations and establish the frame of reference.

While the present decade has opened with the promise of détente and security, the joint struggle against underdevelopment, poverty and economic inequality should be its trade mark. For the development of the developing countries is in the interest not only of the peoples of the South but also of the peoples of the North. The United Nations is the ideal forum for giving new impetus and vitality to international co-operation, so that no one will find himself confined to the status of a rejected person where prosperity and progress are concerned, and so that, in the final analysis, all the conditions for lasting peace and security will exist.

Mr. FIGUEREDO PLANCHART (Venezuela) (interpretation from Spanish): We have come here in the conviction that international economic co-operation must be adjusted to the significant changes occurring on the international scene. There can be no doubt that the most significant of those changes is East-West détente, which affords a historic opportunity for the effective and more stable revitalization of co-operation between our countries. At the same time, if we wish our efforts to be crowned with success, the new machinery for action must regard economic and social development as an integrated and harmonious process based upon the collective and individual self-reliance of the developing countries as well as their active presence in the world economy.

(Mr. Piqueredo Planchart, Venezuela)

Our efforts must be based on solidarity. Nationalism pushed to extremes has very often eclipsed the accomplishment of global objectives of the international community. But those objectives are vital in order to complement our efforts at the regional and subregional levels.

Integration as a mechanism which facilitates economic interaction, particularly in the trade and investment sectors, is a key factor in combining political and technological interests. It will reinforce the dynamics of the East-West détente process and certainly will prevent possible conflicts from being transferred to those regions of the South.

Problems of production and trade, investment and finance, growth and development and the environment, and giving adequate attention to social problems and drug trafficking are closely linked and should be viewed as a whole, in order to solve them individually. The treatment they are given cannot be fragmented to such an extent that limits are set on an overall assessment of these phenomena.

(Mr. Figueredo Planchart, Venezuela)

Adjustment in our economies, necessary though it may be, should not be made more strenuous as a result of the policies adopted by the main industrialized countries. Very often, those policies overlook the rules of free trade, the very rules so frequently evoked by those same countries, especially in the forums where our economic policies are determined. A mechanistic adaptation of policies geared to achieving macro-economic balance successful in the industrialized countries very often does not lead to the same results in the developing world. Adjustment policies in our countries should respond to the characteristics of our own realities. Otherwise, we will be neglecting considerations of justice and social equity.

Due to circumstances beyond our control, we, the developing countries, have quite often been passive spectators of developments that end up affecting us quite directly. We have had to witness from afar how matters of paramount importance to our processes of growth and development have been approached with no regard to the serious repercussions they might generate for the overwhelming majority of mankind. It would seem that the only purpose for which we are taken into account is to stress that, through the now famous "trickle down" effect, our countries will benefit from the political order agreed upon by those who have the most influence in the concert of nations.

We have to reverse that trend, and we are doing so. The Group of 15, formed at the summit meeting of the Non-Aligned Countries held in Belgrade, will be holding its first summit meeting in a few weeks. The existence and action of that Group, geared towards systematizing political dialogue and analysis, should serve as a catalyst in bringing about political dialogue at the highest level in two or three areas of paramount importance for mankind. Venezuela attaches the highest significance to that initiative.

(Mr. Figueredo Planchart, Venezuela)

I turn now to specific subjects, as regards the external indebtedness of the developing countries. It should be understood that the central issue cannot be, as some would have us believe, whether or not obligations contracted will be fulfilled. No one in his right mind is seeking to shirk commitments legally agreed upon. The problem remains the negative conditions under which it has been attempted to compel us to meet such obligations and the effect of that compulsion on our countries' growth and development.

Our objective must be to ensure sufficient financial flows to enable us to restore vigorous growth in our economies at rates at least equal to the historical rates. We also have to modify an adverse trend - the fact that our internal savings have not been able to be earmarked for development but have gone where they were the least needed. In Latin America, the net transfer of resources to the industrialized countries reached more than $200 billion during the period 1982-1989. That incredible drain of resources, in addition to being unjust and scandalous, has created, as is widely known, serious impediments to the development of our countries.

Moreover, the international trade system should operate in open and outward-looking development strategies that will allow the developing countries to achieve a significant increase in their exports. Similarly, we must attend to the problems faced by those countries due to the deterioration in the terms of trade for their traditional exports. We must reverse that tendency and use such multilateral forums as the United Nations Conference on Trade and Development (UNCTAD) to achieve understandings in that regard. We must return to the initial foundations of the Integrated Programme for Commodities and avoid the continued deterioration of the various specific commodity agreements that we succeeded in establishing. Those agreements, devoid of any price-stabilizing elements, have

(Mr. Figueredo Planchart, Venezuela)

become mere information instruments. The heartening development of the entry into force of the Common Fund has run up against a variety of obstacles that hamper the effective fulfillment of the functions for which it was created.

One of the key features that we are beginning to see clearly for the 1990s would seem to be the consolidation of powerful economic blocs, particularly among industrialized countries. The process of unification of the European Economic Community may be complemented by the inclusion of some countries of Central and Eastern Europe. The United States and Canada have resolved to construct a free-trade zone. In the Pacific, we can observe the building-up of a powerful economic bloc centred on Japan.

It is necessary to avoid that the formation of such blocs should endanger the foundations of the multilateral trade system. The Uruguay Round of Multilateral Trade Negotiations is, for many, an opportunity to establish a new, rational and effective order in international trade relations. The results of the Round will have to be balanced between what is achieved in the so-called new areas and what we may agree in the more traditional areas that are fundamental to the countries of the South.

Similarly, we hope that the conclusion of the Round and the convening of UNCTAD VIII in June 1991 can be seized as an opportunity to reassess the institutional arrangements that govern international trade and to move - why not? - towards the establishment of one single trade organization that would be more universal in its memebership, more integral in its responsibilities and more effective in its functions, as was indeed considered more than 40 years ago at the Havana Conference.

(Mr. Figueredo Planchart, Venezuela)

One key area of development, that of science and technology, must be the object in the first place of a true effort to strengthen integration among our developing countries. Without projects of a certain scope and significance, such as those that Europe decided to put forward with EUREKA and the European Organization for Nuclear Research, the strategy for the collective development of our countries will have only a partial effect and certainly will not place us as regions in a position to respond to the real challenges. The high degree of our countries' technological dependence, and the deepening of the technological disequilibrium between the minority and the majority of mankind, must strike a new balance.

(Mr. Figueredo Planchart, Venezuela)

In this respect, the preservation of natural resources should be placed among the national priorities to which our sientists and technological research should respond. Industrialized countries will surely find it in their interest to provide technical and economic resources, including free access to available scientific information and knowledge of new non-polluting technologies.

If we determine to initiate a constructive process for a world which has become a small world, as we observe the formidable events brought about by East-West détente, we can achieve surprising results for the well-being of our peoples.

The meeting rose at 1.30 p.m.